

Message Text

CONFIDENTIAL

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ACTION EUR-25

INFO OCT-01 ISO-00 SCEM-02 EB-11 INT-08 SIL-01 LAB-06 L-03

TRSE-00 COME-00 H-03 OPIC-12 SCI-06 SS-20 NSC-10

CIAE-00 INR-10 NSAE-00 RSC-01 PA-04 PRS-01 USIA-15

DRC-01 /140 W

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R 121715Z DEC 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC 2314

INFO AMEMBASSY LONDON

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL MILAN UNN

CONFIDENTIAL ROME 13816

E.O. 11652: GDS

TAGS: ENRG, IT

SUBJECT: ENI-SHELL NEGOTIATIONS

REF: ROME 13688, ROME 13559

1. BEGIN UNCLASSIFIED. SHELL ITALIANA PRESIDENT NORMAN BAIN, IN DECEMBER 11 ROME MEETING WITH COMPANY EMPLOYEES AND UNION REPRESENTATIVES, BROKE THE COMPANY'S SILENCE ON NEGOTIATIONS UNDERWAY WITH ENI FOR TAKEOVER BY LATTER OF SHELL ITALIANA. BAIN CONFIRMED THAT NEGOTIATIONS IN "VERY ADVANCED STAGE" AND THAT SHELL'S DECISION TO LEAVE ITALIAN MARKET IS "IRREVOCABLE." AS FOR SHELL EMPLOYEE CONCERNS OVER JOB SECURITY, BAIN RESPONDED THAT THIS WAS MATTER WHICH SHOULD BE ADDRESSED TO ENI.

2. CORRIERE DELLA SERA (DECEMBER 12) SPECULATES THAT AGREEMENT MAY BE SIGNED AS EARLY AS DECEMBER 15 IN ORDER TO BENEFIT FROM PROVISIONS OF A LAW PROVIDING FOR TAX BENEFITS FOR COMPANY MERGERS WHICH REPORTEDLY EXPIRES DECEMBER 15. REPORT STATES, HOWEVER, THAT OFFICIAL ANNOUNCEMENT WOULD BE MADE ONLY DECEMBER

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3. BAIN REPORTED IN DECEMBER 12 IL GLOBO TO HAVE DENIED THAT SHELL WOULD HAVE A SHARE IN THE NEW ENI-CONTROLLED COMPANY. HE STATED THAT SHELL PLANS TO MAINTAIN ONLY ITS CHEMICAL, BUNKERING AND AVIATION FUEL INTERESTS IN ITALY, WHICH EMPLOY ABOUT 100 OF SHELL'S TOTAL 3,600 EMPLOYEES. END UNCLASSIFIED.

4. BEGIN CONFIDENTIAL - COMMENT: ABOVE REPORT SEEMS TO SUGGEST THAT BOTH ENI AND SHELL ARE DETERMINED TO GO THROUGH WITH THE DEAL, REGARDLESS OF THE "GO-SLOW" URGING WE HAVE NOTED FROM CERTAIN GOI CIRCLES (REF A). SHELL ANNOUNCEMENT ADDS MOMENTUM TO NEGOTIATIONS AND MAY BE DESIGNED TO PUT OPPPOSITION IN THE DEFENSIVE, SINCE GOI CAN NO LONGER DELAY OR BLOCK THE TAKEOVER WITHOUT ATTRACTING PUBLIC ATTENTION. END CLASSIFIED
BEAUDRY

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 12 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ROME13816
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731229/aaaaavfq.tel
Line Count: 76
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: ROME 13688, ROME 13559
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 18 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18-Sep-2001 by kelleyw0>; APPROVED <26-Nov-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENI-SHELL NEGOTIATIONS
TAGS: ENRG, IT
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005